

The American
Federationist

**What
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The focus in Washington shifts to Congress now that the change in the presidency has been completed, and on Page 12 is an article which probes into the workings of the "least understood" public institution in the world. Congress is revealed as a very human and complex institution reflecting the complexity of our nation and our times.

The text of an AFL-CIO Executive Council statement which spells out a program for America appears on Page 17. It deals with the depressed state of the economy and proposes action in 20 areas, moving from "vigorous counter-measures" to strengthen the economy to long-range plans for safeguarding the country's natural resources.

The essence of the thinking of Secretary of Labor Arthur J. Goldberg may be found on Page 6. It was adapted from his testimony before the Senate Labor Committee on his nomination to the Cabinet post.

Reactionary forces are trying to turn the balance of payments problem into an attack on social welfare policies. On Page 4 is the text of a statement prepared by the AFL-CIO Economic Policy Committee and adopted by the Executive Council. The problem, it asserts, must not be used as an excuse to restrain America's progress; the solution lies rather in stimulating a healthy, growing economy, not in "negative" proposals which would only endanger the economy.

AFL-CIO President George Meany comments on the statement in an editorial on Page 2. The enemies of progress proclaim what they call the "sound dollar" as the only cure, he notes, but their method of achieving it includes preparations for opposing all kinds of social legislation.

Unions face new problems as workers—especially union members—improve their standards of living, move into the suburbs and in effect become members of the middle class. Some of the factors in this shift are discussed on Page 9 in an article based on a survey which also showed that union members generally earn more than non-union workers.

Some people are just not psychologically fitted to handle their money, it seems. They move from one horrendous financial tangle to another, often under the devious prodding of easy credit (and fat profit) operators. Some of these expensive dodges and why they are successful are analyzed on Page 22, along with what can be done to offset them.

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GEORGE MEANY, *Editor*

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The Balance of Payments Issue: A Front for

The enemies of progress in America have seized upon a new weapon — the “unfavorable balance of payments,” which embraces what is referred to as the “gold crisis.”

What's involved is the fact that in the last three years, our country has spent or invested in other nations \$11 billion more than other nations spent or invested here. A part of the difference — \$5 billion — was taken away as gold. The balance is held by foreign investors in the form of short-term securities that could be converted into gold at the investor's option.

Powerful forces in and out of Congress claim this problem has arisen because we have “priced ourselves out of the market.” They say American wages are too high and American productivity too low to meet foreign competition. They are using the unfavorable balance of payments as a pretext for opposing a higher minimum wage, for example; and they will unquestionably use the same argument at the collective bargaining tables in the coming year.

On the theory that a “crisis” can be avoided only by what they call a “sound dollar,” they are preparing to fight against the whole range of social legislation from housing to health care for the aged.

These spokesmen for reaction have built a false premise into a catastrophic solution. Their program would not only fail to achieve its stated objective, but would be a disaster for America.

On the following pages you will find a statement by the AFL-CIO Economic Policy Committee, adopted at our recent Executive Council meeting, which analyzes the causes of the “unfavorable balance.” It clearly demonstrates that one factor is **not** involved — we have not “priced ourselves out of the market.” In 1960 we sold \$4.5 billion more goods to other nations than we bought from them. The trouble lies elsewhere than foreign trade.

Where does the trouble lie? Primarily with our own domestic economy, drugged into lethargy by the same policies now urged to meet this new problem — policies then advanced in the name of “fighting inflation,” but which produced only unemployment and recession.

Domestic Reaction

The United States spends money abroad in many ways. We extend economic and military aid to other free nations. We support armed forces in many parts of the world. Private capital is invested overseas. American tourists spend their vacation funds in far-off places.

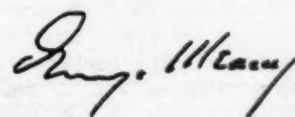
None of these expenditures has increased markedly in the last three years. The major change has been in the amount of foreign short-term investments in the United States that have left in pursuit of higher return. Short-term investments — called “hot money” because they are easily liquidated — can and did find better prospects in western Europe.

It is a shocking fact that foreign capital no longer looks upon America as a good investment. We have suffered three recessions since 1953. Our economy is growing more slowly than in any other major industrial nation, and most smaller ones.

Therefore, the key to solving the “unfavorable balance of payments” is exactly the same as the key to our security in other respects — a healthy, growing economy in the United States that will attract investments from abroad and stimulate American capital as well. We cannot create such an economy by obliterating progress and perpetuating economic stagnation.

Unquestionably there is a short-range problem on the balance of payments, though not a true crisis. That problem ought to be resolved. I have instructed the AFL-CIO Department of Research to make an intensive study of the question, in consultation with recognized monetary authorities, and the technical steps that should be taken to meet it. This study will be presented to the February meeting of the Executive Council.

Meanwhile, we shall resist to the utmost any effort to use international finance as a cover for domestic reaction. No new solutions can be found by going backward. We must move ahead to fulfill the promise of the Sixties.





A Fear Symbol to Fight Progress

There has been talk in the new Congress that action to increase the federal minimum wage must be delayed because of the gold outflow and the balance of payments problem. This statement points up the dangerous way this issue is being used.

The so-called balance of payments "crisis" must not become an excuse to hold America back. Positive actions to move the economy forward will not only end the current recession, but also relieve the international monetary problem. Negative "solutions" for the international payments issue would serve only to endanger the U. S. economy without solving the problem.

Like the false anti-inflation weapons which further confused the complex price problems in the 1950s and helped cause the three recessions of the last seven years, the wrong remedies for complex international balance of payment problems in the 1960s can have serious economic consequences. America must therefore gain enough perspective to provide sound short- and long-range solutions for those problems within the context of U. S. economic health.

Meanwhile, slogans have already distorted the balance of payments issue into a fear symbol to fight necessary wage increases—both the higher federal minimum and collective bargaining gains—to oppose low interest rates, as well as foreign imports and

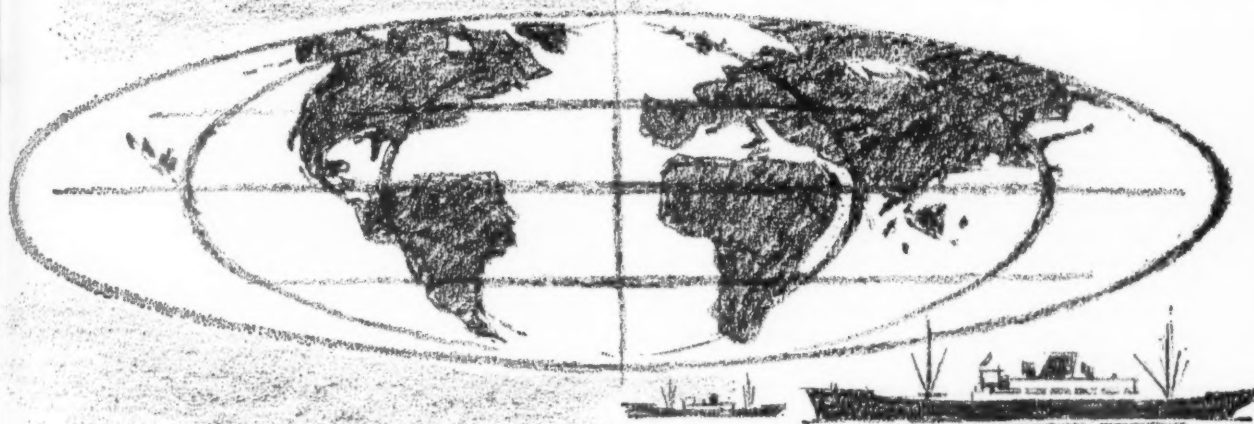
foreign aid, and to call for a balanced budget at any cost. All these suggestions were advanced in a phony crusade against "inflation" in the 1950s. Now they are proposed in the name of "restoring confidence in the U.S. dollar," "making America competitive in the world market" and ending the "flight of gold."

But confidence in the United States and its dollar depends on a strong, expanding economy, not on slick sloganized policies that have repeatedly led to recessions. A look at the overall issue makes this fact clear.

There are grounds for reasonable concern over the current unfavorable balance of international payments. The sudden shift from a 1950-57 yearly average unfavorable balance of about \$1.5 billion to a \$3.5-\$3.8 billion average since the recession year 1958 has caused a further accumulation of \$11 billion of foreign-held U. S. dollars or purchases of gold in just three years. In other words, the United States citizens have spent abroad for foreign goods, services and investments an average of \$3.5 to \$4 billion more yearly than foreign countries and their citizens have spent here for U.S. goods, services and investments.

This outflow in 1960, however, was not caused by an export-import unfavorable balance. Quite the reverse. The U.S. has not priced itself out of the world market. It was competitive enough in the world market in 1960 to sell over \$4.5 billion more to other nations than it bought from them. Attempts to suppress wages can only hurt our domestic econo-

THIS IS THE TEXT of a statement by the AFL-CIO Economic Policy Committee, adopted by the AFL-CIO Executive Council on January 5, 1961.



my and will not materially improve our competitive position. Attempts to curb imports would merely mean that fewer U.S.-made products could be purchased by nations abroad who rely upon selling to us. Of course, certain domestic industries, such as soft goods, are confronted by serious import competition, but these specific problems must be dealt with directly through specific measures that will not alter our basic attitude toward multilateral trade among the nations of the free world.

Foreign economic aid and foreign military assistance also cause an outflow of dollars, but there was no stepping up of these programs to account for a worsening of the balance of payments in recent years. Regardless of the outflow from this source, the U.S. must maintain its role of providing help to its friends. Any attempt to curtail these programs would, in fact, jeopardize the U.S. world position. Spending by U.S. troops and U.S. tourists scarcely amounts to enough to cause curtailment of these items at this point.

America, then, has not been guilty of importing too much or of giving away too much or spending too much abroad. America has permitted three recessions in seven years. As a result the economic growth rate is considerably below that of the other industrial nations.

There has, it is true, been a loss of about \$5 billion in gold in the last three years but even this is not of crisis proportions and could be stemmed greatly by economic advances at home.

The unfavorable balance of payments in recent

years has increased the foreign dollar holdings in the United States to more than \$20 billion. Theoretically, these foreign-held dollars exceed the U.S. supply of "free gold" because the U.S. is required to hold in gold 25 percent of the outstanding U.S. currency. This amounts to \$12 billion, and therefore leaves only \$6 billion of "free gold" out of a total gold holding of \$18 billion. But the nature of these foreign holdings makes it very unlikely that more than \$3 to \$5 billion would be readily converted to gold. The possibility of any run on the U.S. gold supply would be reduced if the U.S. economy were expanding as it should.

In short, a healthy, growing domestic economy is indispensable to a solution of the balance of payments problem. That kind of economy would offer the strongest possible inducement for foreign capital to retain and increase its investments in America, and for American capital to remain at home. Negative policies that would limit economic growth in the name of a "sound dollar" would extend the balance of payments "crisis" into a genuine economic crisis for the nation.

In addition, there are a number of specific steps the federal government could take to meet the immediate problem. In conjunction with the AFL-CIO Department of Research, this committee will undertake a further investigation, including consultation with established authorities on monetary policy, and will recommend a specific program to the February meeting of the Executive Council.

Arthur Goldberg States His Views

Secretary of Labor Arthur J. Goldberg's views were put on the record of the Senate Committee on Labor and Public Welfare at a hearing on his nomination. The following is excerpted from Goldberg's opening statement and replies to questions by members of the committee.



It is difficult, in all candor, for a person who has been associated as I have been for 23 years representing the labor movement to come here and say that at the moment I have brainwashed myself and have departed from all of the views and convictions which I had throughout the years. It would not be honest if I said that to you.

I enter this post with the firm resolve to serve the public interest in as objective a manner as any human being can do that.

I have completely parted with all of my connections with the labor movement. I do not intend to return, although there is nothing dishonorable in returning, after a period of government service.

The labor scene is a sensitive scene and I have felt because of its nature the public is entitled to assurance from me that I would act in its best interests.

I hope to do so within the best of my ability and to give the most objective advice that I can give to the President and the most objective leadership that I can give to the Labor Department within the confines of human failings.

Our society is not a class society and the Department of Labor is not and should not be a class department.

The Department of Labor is charged by statute with the responsibility of promoting the welfare of the wage earners of the United States. As secretary, I will attempt fully to implement that policy. But in so doing I do not believe the department should be regarded as the representative of any special interest group, but as a department representing all sections and interests in our society.

It is my firm belief that although each department of government necessarily must place special emphasis on the sphere of activity with which it is concerned it must, within that sphere, speak for and promote the welfare of all Americans and not any special group or class.

Congress has given to the Secretary of Labor the responsibility of administration and enforcement of various laws. These include not only the Fair Labor Standards Act, the Walsh-Healey Act, the Davis-Bacon Act and others, but also the Labor-Management Reporting and Disclosure Act of 1959.

I shall do everything in my power to enforce these

laws vigorously, fairly, and without fear or favor, and in the spirit of humanity and common sense which I believe should characterize all law enforcement.

I have felt and I still feel that it is a good thing for the country and for an individual to belong to a union. I have felt and still feel that many people who complain against the conduct of unions ought to get into unions and exercise their democratic rights to reform the abuses about which they complain.

I have felt and still feel that one of the disadvantages of our society in the field of unionism, and it percolates through our churches and other organizations, is the apathy on the part of people. An apathetic membership that does not exercise its rights in our political society is more responsible for abuses than anything else.

It is my conviction, and I will feel free to state that conviction, that the right to strike should be exercised sparingly because it is a right which has to be exercised responsibly. It is nevertheless an important ingredient in a free society.

I agree entirely with President Eisenhower when he said some years ago that there are worse things than the right to strike and one of the worst things is the loss of freedom.

In totalitarian countries the right to strike does not exist. The hallmark of a free society as against a totalitarian society—such as what they have in Russia, what they had in Germany—is the right to strike. This right is prohibited in those countries, here we enjoy the right to strike.

The Wagner Act played a most salutary role in promoting the welfare of the wage earners of the United States and in helping to develop ways of industrial peace and promoting our domestic prosperity.

I think now we must take a new look at our problems in this area.

The new look must be in the light of all of the developments that have occurred in the congressional field and in the industrial field. But I would hope that we could again come to the point of view where the government does not impose restrictions upon the area of collective bargaining within the role of proper government policy.

Under the Taft-Hartley Act, the union shop was



Views on his new post were given the Senate Labor Committee by Secretary of Labor Arthur J. Goldberg.

recognized to be a desirable goal of government if freely negotiated between labor and management.

I would oppose government imposition of the closed shop or the union shop on American industry.

What I would favor is freedom between labor and management to negotiate appropriate forms of union security in particular industries and even in particular companies.

I would be in favor of allowing, by law, management and labor in collective bargaining to establish the form of union security which is best suitable to their needs.

I would be against government saying to them, you must have this type of union security.

We must do better in the labor-management sphere in the defense area than we have been doing. I lay it on both—I cannot lay it on labor unions alone. There are actions of management which could be improved in this area.

One of my principal objectives as Secretary of Labor will be to improve this and to minimize the conflicts which exist in our defense establishment.

We cannot afford to curtail or hurt our national defense in this area.

We may have to revise our laws, I do not know, and in this sense, I would want to make a study. But more important than the law is the consensus, education, community of opinion, effort within existing laws to minimize these conflicts. If we are not able to do this through these devices, then it is inevitable that there will be laws which all fair-minded men will necessarily support.

We now have a more urgent situation than in wartime. In wartime it is obvious that we can command and call upon the whole population and get the necessary responses that we require.

War is a horrible thing, but in a sense there is no problem when a war is on to mobilize our entire resources and to get the cooperation that we need from all elements of our population.

Now, we are in a situation which is neither war nor peace, which we characterize as a cold war. This is the most difficult of all situations to be in, but at the same time we cannot meet this problem unless we are able to mobilize our people to this challenge.

I think we have to do more than we have done to alert all elements in our population that this situation which we are in, which may continue for a generation or several generations, makes it imperative that everyone recognize that they must play an important and responsible and active role in meeting the same challenges that exist in a period of total war—that is, asserting as the first consideration the national interest as against any separate or private interest.

What is happening in industrial life today is very analogous to what is happening in agricultural life. The labor force is decreasing; the white collar, technical and professional force is increasing.

We need not despair about this. One of the great developments in life is to take off the backs of men some of the arduous labors they have had to experience. But we must take care of the people involved in the process.

I have great confidence in the people involved. I think that the people involved in production have the capacity and intelligence to take on new assignments. We must have more extensive programs of retraining and readjustment so that people can find useful employment.

What we need more than anything else—although we need relief now on unemployment compensation because it is running out and states are in trouble—are jobs and training and readjustment for all people who are willing and want to work.

It is imperative, if we are to retain our preeminence in the industrial world, if we are to afford jobs, if we are to meet the competitive forces which are operating worldwide today, that we replace outmoded equipment with new equipment.

It is true that a considerable part of our industrial machinery and plant and equipment needs modernization and need replacement.

I feel strongly, and have said publicly, that the labor movement must support this necessary progress for the benefit of the country, for the benefit of industry, for the benefit of labor.

We must have appropriate programs and policies so the great benefits that we derive from automation do not impose burdens in human terms upon people.

One of the challenges that we are now confronted with is to see to it that we automate completely, fully, and at the same time devise programs so that human values are preserved. We cannot go through the hardships and the misery that accompanied the first industrial revolution and I do not think there is any

difference in any segment of American life about this.

One of the big problems of this Administration is to help devise programs so that on the one hand we get the full potential of automation and on the other hand safeguard against hardships that happen to individuals, to families, when automation takes place.

I am confident that this can be done. I am not despairing that we must again repeat the horrible experience that took place when the first factories were introduced on the industrial scene.

I think we can have a greater economy, and I think with proper programs of labor and of management and government we can provide for a better standard of living for ourselves, we can provide for more efficient production which is the key to the better economy we all seek and we can provide for playing our necessary part in promoting the welfare of the other nations of the world which desperately need help and assistance from us.

We have to increase our productivity and I think it is entirely possible and feasible to do it and that the demands upon us domestically and in the world require it. I am confident that it can be done.

I feel strongly that obsolete practices, whether on the part of labor or management, can impede the orderly development of our country and can indeed restrain us from meeting the great problems that we have.

We are in unprecedented times; we are really in a war situation. We call it a cold war, but we need a general consciousness on the part of labor and management and all elements of our society that the traditional way and traditional practices no longer settle the grave problems that we have.

I think on the question of featherbedding that no laboring man wants to featherbed. If the American character is manifest in any area it is manifest in the desire to do an honest day's work. That is a traditional aspect of our society. That relates to all aspects, all people, whether it is the man who works in a blue collar or in a white collar.

This is part of the same problem that is involved in automation. The people will insist upon traditional practices when they feel this is the only way of safeguarding their jobs and there are not adequate programs for seeing to it that they enjoy a reasonable amount of security.

Given programs that will give assurance to men who work for a living that their needs, their human needs, will be safeguarded and protected, I think whatever amount of featherbedding exists will diminish.

Foreign competition is becoming a problem in the United States but I think in some areas it has been exaggerated. On the other hand, I am well aware that there are other areas where foreign competition is very pressing. It is necessary to deal with this problem in a constructive way. One of the important ways is to raise standards abroad.

I have participated in international conferences

where this has been a great objective. I think we must strengthen our work at the International Labor Organization where this is one of the objectives. I think this is good for us and more important it is good for the countries of the world independent of us. We want to play our role in raising the wage standards of other countries in the world so that they can follow the path that we found was the right path in the United States, that domestic prosperity is bound up with the improvement in living standards.

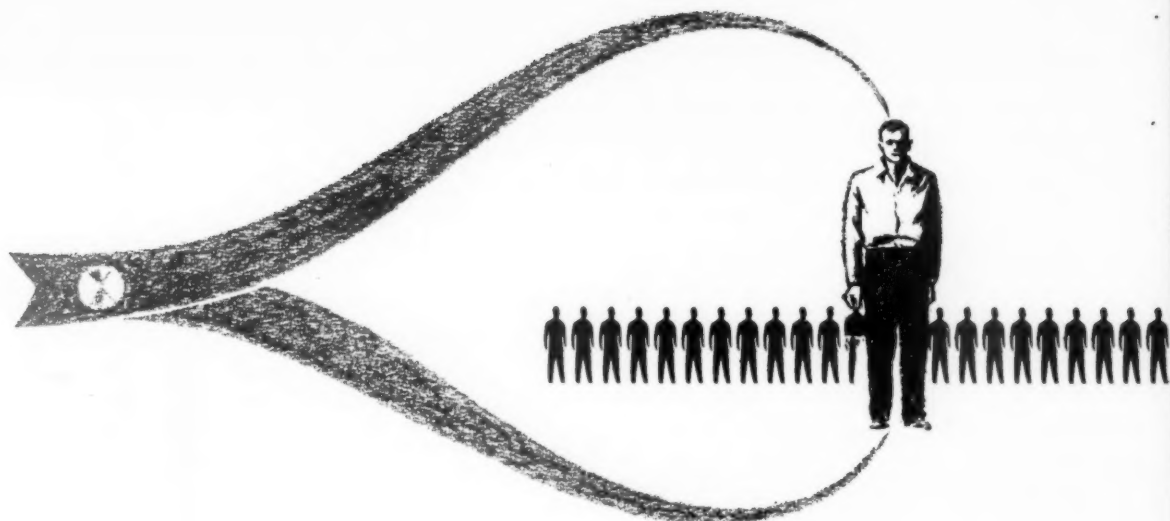
One of my firm convictions is that the American people, through the press and the other agencies, are entitled to the plain, unadulterated facts dealing with important national issues.

We have a serious problem in unemployment; it is becoming more serious. It is my firm hope and pledge that regardless of the political consequences, whether it helps or hurts the Administration of which I am a part, we will fix dates for the release of all important data relating to the matters within my sphere of authority and we will not deviate from that, and we will give the American public all of the facts that bear on these issues.

That is a firm conviction of mine. I am sure former Secretary Mitchell shared it. I do not know what we will do about leaks in Washington. Those ideas are part of what we must live with. But within my power and within my authority we are going to give the facts and let the chips fall where they may.

A chat: Chairman Lister Hill (D-Ala.) of the Senate Labor Committee with Secretary and Mrs. Goldberg.





A New Look at the Status of Today's Union Member

by Peter Henle

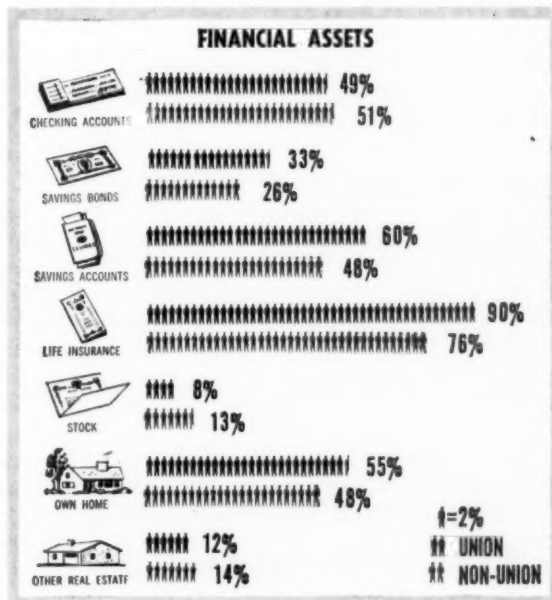
The changes that unions have helped to bring about in American life in recent years have inevitably produced major changes in the status of the union member and his family.

There has been widespread discussion about some of these changes—the rising standard of living, the change from blue-collar to white-collar jobs and the trend to suburbia; now there is some evidence to indicate the impact of these changes on union members and their families.

Until recently there has been a scarcity of information about union members and their families. There has been little or no documentation on the average wages earned by union members or the total income of union families. There have been no figures on the age, education, or marital status of union members.

Some unions may have part of this information for their own members from their own records, but no one has compiled it for union members and their families as a group.

Now at least part of this gap has been filled. The Survey Research Center of the University of Michigan, which conducts an annual survey of American families, in 1960 included a question concerning union membership for the first time. The answers to this question, when combined with replies to the survey's



regular data on incomes and characteristics of American families, provide basic data on union families.

The survey involved personal interviews with 3,000 households scientifically chosen to represent a cross-section of American life. Each family was asked

PETER HENLE, assistant research director of the AFL-CIO has a special interest in the changing character of the work force.

about family finances—income, assets and installment debt. The survey also covered the family's place of residence as well as information about the head of the family, his age, marital status, education, and type of job.

The AFL-CIO Department of Research contracted with the Survey Research Center to obtain much of this information covering both union and non-union families. The conclusions growing out of this data can only be considered tentative because they are based on a relatively small sample. But the study represents the first time that an attempt has been made to compare union families with comparable wage-earning families whose breadwinner is not a union member.

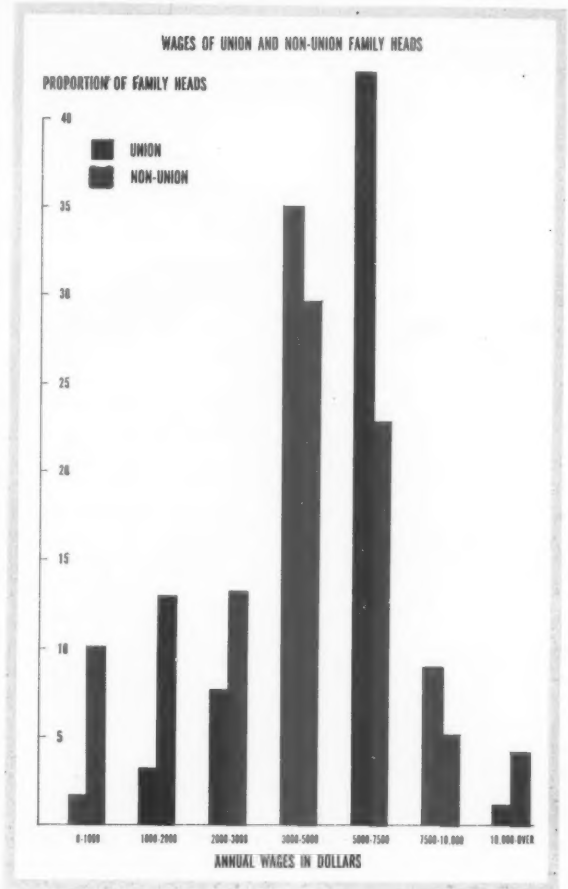
The survey shows that the lot of the union member and his family has changed: incomes have been rising; families have acquired some savings and at the same time some debt; home ownership is rising, many union families have moved to the suburbs. Many union families have moved out of the ranks of the "lower-income" groups into what could broadly be called "moderate"- or "middle-income." The figures show that the average union family is generally in a better financial position than its non-union counterpart.

The composite picture of the average union family that emerges from the data turns out to be very close to the general image of the typical American family; the breadwinner is between 35 and 44 years of age, has been married more than 10 years, and has completed at least two or three years of high school.

In another respect the union families conform to the image of a "typical" household; a majority of these families have become homeowners and have joined the trend to the suburbs.

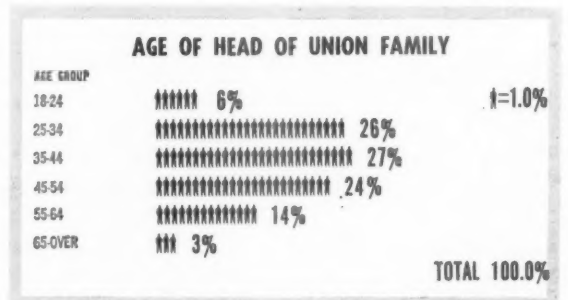
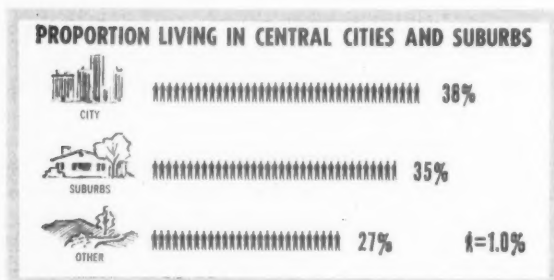
Almost three-quarters of the union families reside in cities or their adjacent suburbs, a substantially higher proportion than non-union families; nearly as many now live in the suburban areas as in the central cities. Although most of both union and non-union families spend from \$25 to \$100 per month for housing, almost half the union group pays between \$50 and \$75.

To check the level of income, information was ob-



tained on three measures of income: wage and salary paid to the head of the family, total wages and salaries paid to all members of the family, including payments earned by the wife and children, and total family income, including, in addition to wages and salaries, rental income, dividends, interest payments and the like.

No matter which measure is used, union families generally show a higher level of income than non-union families. This holds true even though there are relatively more non-union families in the highest



income group.

Consider first wage and salary income for the head of the household. More than one-third of non-union families are found at the lower end of the income scale, with the head of the household earning less than \$3,000 a year in wages. Only 12 percent of union families are in this bracket. More than three-fourths of the union members earn between \$3,000 and \$7,500 in wages, and a majority receive more than \$5,000 per year.

About one-fourth of all union families include a second wage earner, slightly more than the proportion for non-union families. Moreover, the second earner in the union family is more likely to make a substantial contribution to the family income—more than \$2,000 annually. The addition of this supplementary wage and salary income naturally increases the income levels of both union and non-union families, but the union group gains more than the non-union. Almost one-third of non-union families still have total wages of less than \$3,000, but only 1 in 10 union families is found in this group. On the other hand, over 60 percent of the union families receive more than \$5,900 in wage and salary income.

Considering total family income, we find union families retain their advantage, although the non-union group receives more income from dividends, interest, rents, etc. It is noteworthy that more than one-fourth of all non-union families have total incomes of less than \$3,000 per year and that there are clearly considerably more union than non-union families who enjoy total income greater than \$4,000 per year.

Almost one-half of union families have incomes over \$6,000 per year, making them part of America's "middle-income" families. At the upper end of the income scale, about 7 percent of both union and non-union families have incomes above \$10,000; above \$15,000 there are relatively more non-union families.

Another way to look at the financial status of union families is to examine their total financial resources rather than their current income. On this point the survey collected information on the families' bank accounts, both checking and savings, their holdings of savings bonds, life insurance, stocks, and real estate.

It also collected information on mortgage and installment debt.

Over three-quarters of union families have some type of liquid assets, with the average holding between \$500 and \$1,000. The most popular form is a savings account which makes up about half the total liquid assets of union families.

Nearly 90 percent reported that they hold life insurance policies, but the proportion of union families reporting that they own stock in publicly held corporations was only 8 percent compared to 13 percent for non-union families and 24 percent for the third group that includes professional persons, retired couples and college-trained executives.

If the average union family's assets are slightly higher so are its debts. Almost two-thirds of the union families reported installment debt, compared to about half for the non-union group. The average debt was over \$500, slightly higher than the average for non-union families.

The survey results point up the cumulative effect of the changes in American life over the past 25 years. The status of the average union member and his family has improved to the point where they stand generally above their non-union counterpart. More and more union families are part of America's "middle-income" group.

The figures are a useful reminder that with changes in union membership, union policies must be constantly re-examined to keep pace with these developments. The rising standard of living means that workers will be more interested in certain aspects of union programs and less interested in others. Union policies that proved successful when they were directed at lower-income city workers may not be as effective when directed towards the newer suburban-dwelling "middle-income" union family.

There have been some changes in union policies that fit in with the improved status of union members. The recent trend towards more fringe benefits is one example. Changes in union education and publications policies also reflect the changing character of union membership.

Unions recognizing the trends depicted in the survey can be alert for the new problems facing them in the future.



CONGRESS: A Study in Political Realities



by William G. Phillips

The United States Congress is the most widely known and least understood public institution known to man. Yet its actions affect the daily lives of all American citizens, and its influence permeates to every corner of the globe. Its meetings held under the Capitol dome, its closed committee sessions, its intimate cloakroom conferences, its private caucuses and its daily congressional office routine—all of these are the very foundation of Congress.

Members of Congress come from almost every walk of life and every corner of the nation. The contrasts are sharp—millionaires and immigrants, the very old and the very young, those with advanced degrees and those with little formal education, those from exclusive country estates and those from slum areas of big cities, the effective legislators, the mediocre and those sent to Congress as a reward for long and faithful years of service to their party. House members average 52 years of age, senators 57.5 years. Over half are lawyers; 30 percent have business or banking backgrounds; only a handful come from the ranks of organized labor.

Senators and representatives each receive an annual salary of \$22,500—\$2,500 less than members of the President's Cabinet, \$200,000 less than some major corporation executives, and many hundreds of thousands of dollars less than top movie or television personalities. In most cases the member's salary is his only major source of income although there are some exceptions. Some congressmen do retain positions in their law firms or businesses, or have income from private investments.

The cost of public service makes it impossible for many capable people to seek office and for many members to continue to serve. High living expenses in official Washington, the costs of maintaining two residences, travel expenses to meet political obligations at home during the session, and the disruption of

normal family life are all factors which bear heavily on individual members.

The senior members receive certain patronage jobs to dispense to persons of their choosing—on the police force, as elevator operators, pages, clerks, or employees in various administrative or custodial positions. While the majority party in Congress controls the lion's share of patronage appointments, a certain number of such jobs are reserved for the minority.

There are dozens of standing legislative committees, subcommittees and joint or select committees and their staff members are usually chosen on the basis of technical competence or familiarity with the legislation which comes under the committee's jurisdiction. They are officially selected by members of the committee on recommendation of the chairman, usually after consultation with the ranking minority member. Each party is entitled to staff assistants and in some committees the professional staff is so designated. Job tenure on a committee generally carries over from Congress to Congress, particularly in the upper echelon positions. However, on occasions a new chairman will make a clean sweep of all committee employees.

A senator of the President's political party is usually consulted on appointments to federal jobs within his state such as judges, district attorneys, collectors of customs, regional directors of various agencies and numerous other positions. House members are given a voice in the appointment of rural carriers and postmasters in their districts, subject to certain criteria established by law.

Committee assignments in both houses are made by committees of each party which take into consideration the member's seniority, his choice of assignment, his experience, his support for the post and the wishes of the party leadership. By custom, the committee chairmen are chosen on the basis of their seniority on the committee. Party ratios on each committee are related to the party alignment of the House. The slates of recommendations for each party's committee posts are presented to the House and Senate for formal "election."

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The day-to-day functions of each house are regulated by highly complex sets of rules and precedents based on previous rulings from the chair on questions of parliamentary interpretation. Committee procedure is also governed by sets of rules. The purpose of these rules is to provide an orderly system of procedures to facilitate the business of the House and Senate, while protecting the rights of its individual members.

Members of the House and Senate are assigned office space in one of the office buildings on Capitol Hill and in their state or district. They are entitled to one round-trip travel allowance to Washington during each session; a yearly allowance for stationery supplies; allowances for long-distance telephone calls, telegrams and cablegrams; an airmail stamp allowance and unlimited use of the frank for postage-free correspondence on official business. Fringe benefits include group life insurance and optional participation in a retirement system through monthly payroll contributions.

House members may hire up to eight office employees—administrative assistants, legislative aides, secretaries, typists, case workers; the total payroll may range up to \$50,000 a year. Unused clerk-hire allowance reverts to the Treasury each month. Senators' staffs are based, however, on the population of the state. They range from 10 to 30 employees with an annual payroll ranging from \$60,000 to \$200,000. Salaries are disbursed directly to employees by the clerk of the House and the secretary of the Senate within pay scales established by law, with all payroll records open to public inspection.

Although the 7,500 congressional employees are included in the federal retirement, health, and insurance programs, the jobs are not within the civil service system. Tenure is at the discretion of the individual senator or representative.

In recent years, however, there has been increasing criticism of the abuse of certain provisions of the rules by a small minority of members in key posts who prevent the majority from working its will on important legislation. The rules themselves, and various interpretations of them over the years, have tended to strengthen the status quo, making it easier for a determined minority to block legislation or choke it to death in the parliamentary jungle.

The conservative coalition, led in the House by Chairman Howard W. Smith (D-Va.) of the Rules Committee and Minority Leader Charles A. Halleck (R-Ind.), has been a potent force in fighting progressive legislation. A similar coalition has also operated effectively in the Senate. For many years this coalition has operated behind the scenes, maneuvering in the cloakroom, meeting behind closed doors, ever hidden from the public eye.

Less than two weeks after President Kennedy took office, however, the control which the conservatives exercised over the powerful Rules Committee was broken. The House, in a dramatic showdown, voted to enlarge the committee and thus remove one of the major roadblocks to enactment of the new Administration's legislative program. The closeness of the vote—217-212—served to emphasize the coalition's strength.

A clear understanding of the conservative Republican-southern Democratic coalition and the crucial part it plays in the formulation of legislation is necessary to understand the operation of Congress today. The Democratic-Republican "paper" lineups of 261-174 in the House and 65-35 in the Senate are not pertinent except for purposes of organization on opening day.

The real alignment in the House on important roll-call votes reveals an almost even split between conservative and liberal forces—190-200 conservative Republicans and southern Democrats and 195-205 liberal Democrats, moderate southern and border state Democrats and liberal Republicans. The remaining members shift from one side to the other, depending

on the issue; it is also normal for about 5 percent of the House membership to be absent on any roll-call.

While not so clearly defined in the Senate, the conservative coalition can and often does call the tune on key amendments to major bills and dominates important committees.

Much of the coalition's power in Congress stems from the seniority system, which assures in a Democratic Congress conservative southern Democratic control of major committees. Some Democratic chairmen vote with their own party one-third of the time or less on roll-call votes; others have not supported a Democratic presidential candidate for more than a decade and have repudiated their own party's platform.

In many respects the conservative coalition in Congress today is in itself a separate "political party" within the existing party framework. It bears little allegiance to party labels or party principles, nor does it usually respond to presidential leadership in the formulation of legislation in the public interest. It has no responsibility for programs or policies and except for rare occasions, it is content with its role of obstructionism and the preservation of the status quo.

As a national party, Democrats have traditionally been sharply divided along sectional lines as they have tried to accommodate a broad range of viewpoints on controversial issues. More than 80 southern Democratic members of the House and Senate come from one-party states or districts. The lack of even token Republican opposition makes it less important for them to be concerned with national Democratic party objectives or legislative programs.

In fact, many are returned to Congress because of their vigorous opposition to certain Democratic programs. They remind their constituencies of the advantage which seniority gives them in key committee assignments. Seniority makes it possible for them to obtain a good share of the federal projects, military installations and government contracts which benefit their states and districts, while at the same time it permits them to block objectionable legislation.

While Republicans frequently use the party caucus to promote party unity, Democrats have largely abandoned this party machinery in both the House and Senate. The function has been assumed by the Democratic Policy Committee in the Senate and by the leadership of the House. Party discipline as it once existed has given way to persuasion, ad hoc commitments and personal "diplomacy," often based on personal friendships rather than on party principles.

Threats to enforce Democratic party regularity through the caucus machinery, by withholding patronage, by favorable committee assignments or by other means brings forth counter-threats by some southern congressional leaders that they would make permanent the conservative coalition with Republicans and seek to organize the House.

By contrast, Republicans have consistently employed the caucus as an instrument to obtain party solidarity in key legislative fights.

In their caucus meetings they decide the position, strategy, and organization of the party's efforts, with party irregularity itself strongly opposed by the key Republican leaders of the House. The result is that the Rules Committee has operated as an agent of the actual party majority only during the Republican Congresses in 1947-48 and 1953-54.

As a rule, GOP party unity percentages are higher than the Democratic record in both House and Senate. The average southern Democrat votes with the majority of his own party about half the time compared with the 70 to 80 percent party regularity of other Democrats.

The unique role of lobbyists or legislative representatives on Capitol Hill has attracted considerable public attention over the years. Most overworked and understaffed members of Congress would agree that they perform a useful service in providing facts, figures and arguments for or against pending legislation.

Unfortunately, the term "lobbyist" has acquired a sinister meaning in the minds of many Americans. Lobbying is actually a legitimate part of the governmental system and stems from the constitutional right of all citizens "to petition Congress for the redress of grievances."

As we know it today, lobbying has grown to a multi-million dollar business. Last year some 225 lobbyists registered under the Federal Regulation of Lobbying Act of 1946, enacted by Congress to curb pressure group abuses. In the 15 years the act has been in existence, almost 6,000 persons have registered as lobbyists. However, several gaping loopholes in the law have tended to nullify its effectiveness. Reported lobby spending has dwindled steadily since its peak of a decade ago.

As the work of Congress has grown in scope and complexity, the role of lobby organizations has also grown in importance. Most accounts of "social lobbying" (banquets, cocktail parties, receptions) tend to exaggerate their impact on the legislative scene. The effectiveness of any lobbyist can be measured by the political significance of the group he represents in a member's district, his ability to mobilize grass roots support on short notice to persuade the doubtful and his ability to supply useful information in committee testimony and in private discussions. He must also have a thorough understanding of the legislative process, the particular legislative proposal under consideration and the pressures and counter-pressures to which a congressman is constantly subjected.

These techniques are best understood by the members and staff on Capitol Hill who are lobbied day in and day out. For this reason a number of the most successful lobbyists in Washington today are former

members of Congress or others with direct experience in the lawmaking process.

The committee system in Congress is the logical result of the complexity of government. No member can be an expert on the vast number of technical legislative proposals considered by Congress. Such subjects of inquiry as atomic energy, science and space, patent rights or hydroelectric power are obviously beyond the personal experience or detailed knowledge of all but a small handful of members. The operation of our tax laws, the social security system or labor-management relations laws is also an extremely complex maze of regulations, court decisions and administrative rulings.

In the handling of constituent problems a member of Congress or his staff seeks assistance from either the Executive Department or the agency responsible for the subject area, the congressional committee having jurisdiction, Legislative Reference Service of the Library of Congress or the Washington office of a non-governmental organization having a special interest in the problem.

Many of these same sources are of assistance to the congressman in his study of a particular bill. However, most members rely to a large extent on the views of their colleagues who serve on the legislative committee holding hearings, hammer out the area of agreement within the committee to obtain a majority, prepare the report justifying its passage or reasons for opposing it and who, generally, are considered the congressional "experts" on the particular legislative proposal.

Ultimately the chairman of a committee has considerable power in the shaping of legislation within the committee's jurisdiction. The application of procedural rules of the committee, the assignment of staff, the

power of recognition and other prerogatives of the chairman can be the deciding factors in advancing legislation which the chairman favors or in blocking that which he opposes.

Each committee solicits the views of the Executive Department or agency on legislation introduced by individual members of the House or Senate. In most instances committee action on the measure awaits the receipt of the "departmental report" stating the Administration's position on the proposal. Views of the various departments or agencies are cleared through the President's Bureau of the Budget, which coordinates overall Administration legislative policy.

When hearings are held by the committee, witnesses from the Executive Department or agency concerned usually testify along with witnesses representing various organizations interested in the proposal. Similarly members of Congress appear to state their views in support or in opposition to the measure.

Following hearings, the committee meets in executive session to "mark up" the bill or to make amendments based on testimony or the views of a majority of the committee members. Here the give-and-take aspects of the legislative process come to the fore—supporters of the legislation seek a compromise to objections raised so that it may be favorably reported by a sizable majority of the committee while retaining the essential provisions.

Majority and usually minority views are contained in the committee's report. These views serve as the basis for the debate when the measure reaches the House or Senate floor.

It is easy to explain away the hard facts of congressional life by the use of such hoary truisms as "politics is the art of the possible," "to get along, go along," or "legislating is the art of compromising." Some argue that to become an effective legislator one



must acquire seniority through a series of election victories with ever-increasing margins. The chances are enhanced by "voting the district" in avoiding public positions which could conceivably conflict with the views of powerful political forces in his district. Consequently, little stigma is attached to a vote contrary to party principle so long as the member's colleagues understand he is "voting the district." Indeed, it often becomes a mark of distinction of a shrewd and able member who will probably be around long enough to be reckoned with.

Some students of Congress have viewed it as a basically conservative institution. Much of its conservative orientation is the result of legislative roadblocks built into its rules of procedure, the seniority system and rural domination of state legislatures, which draw congressional district boundaries. Large

In many respects the 87th Congress, which convened on January 3, 1961, is like many of its predecessors. The 437 members of the House, elected for two-year terms, include 15 congresswomen plus a non-voting resident commissioner from Puerto Rico. Democrats hold a 261-174 margin over Republicans, with one seat still in doubt and one vacancy. New York, the largest state, has 43 seats in the House; several states have a lone representative. Districts vary widely in size, from slightly over 200,000 to more than 1 million persons. The average district contains about 400,000 residents.

The Senate now has 100 senators with the recent addition of Alaska and Hawaii to the union. Two for each state serve six-year terms under a system which provides for the election of one-third of the membership every two years. Two lady senators serve in the 87th Congress—Mrs. Margaret Chase Smith (R-Me.) and Mrs. Maurine Neuberger (D-Ore.). Democrats have a 65-35 Senate majority over the Republicans.

Based on recent history, the House will be in session about 265 days, the Senate 290 days during the next two years. Some 20,000 legislative proposals will be introduced by the 537 members, of which perhaps 950 will be enacted into law. About 50,000 pages of the Congressional Record will be filled in debating these measures, and more than 600 yeas-and-nays votes will be recorded, two-thirds of them in the Senate.

About 14 members will die in office during the next two years. Some 30 will not seek re-election in 1962; a half dozen will be defeated in their own primaries; another 40 will taste defeat in their bids for re-election. Thus, the next Congress will have a turnover of 15 to 20 percent of the total membership of the present House and Senate.

metropolitan areas, vastly under-represented at the state level, are also deprived of congressional representation.

Many urban legislators of the House have three times as many constituents as their rural colleagues. The increased time that an urban representative must spend on constituent problems, answering the hundreds of letters and telegrams each day, running errands for the folks back home, welcoming visitors and the dozens of other non-legislative duties further reduces the amount of time and energy he can devote to the more subtle aspects of law-making at which his country cousin is so adept.

Many conscientious liberals have little stomach for the brand of political in-fighting which is such an important part of the work of Congress. Filled with lofty idealism and genuine concern about the great issues of the day, they come to Congress with the burning desire to make a positive effort toward their solution. They become increasingly frustrated by drawn-out committee hearings on subjects of minor importance, endless oratory, a hostile chairman or procedural wrangling by their colleagues.

Sometimes in desperation they take extreme positions in an attempt to move legislation off dead-center. This action often comes back to haunt and perhaps to defeat them in their campaigns for re-election. The press release becomes an outlet for frustration, but it is a poor substitute for effective action.

Each Congress a number of important votes are lost as a result of excessive absenteeism by liberal-voting members from eastern states, jocularly referred to as the "T & T Club" because they remain in Washington from Tuesdays through Thursdays of each week. Little important legislation is scheduled for Monday action and the coalition has been known to stall key votes until Friday, when liberal strength is usually at its lowest ebb.

Liberal strength has been depleted by a lack of communication and cooperation among members of similar views, a problem which has been at least partially dealt with in the House through the organization in September 1959 of the Democratic Study Group—a bloc of some 130 representatives from northern, western and midwestern districts.

The DSG spearheaded legislative battles with the coalition during the 1960 session on such issues as civil rights, area redevelopment, minimum wages and federal aid to education, and succeeded in winning 12 of 19 key rollcall votes on which the coalition operated. This group is expected to play an important role in the 87th Congress in assisting the Democratic leadership to enact the Kennedy legislative program.

Hanging over the head of each senator and representative is the realization that one day he must put his record on the line and face the voters back home. The high costs of campaigning today—physical, emotional and financial—are a serious problem to a mem-

ber of the House, who must run every two years, and to a lesser extent to the senator, who has a six-year term.

It is not unusual for the campaign of a House member to cost far more than the total salary paid him for his two-year term. An even more extreme situation exists in a senator's campaign, where the total salary paid him for his six-year term will not even cover the costs of his television budget if he comes from a large metropolitan state.

The Federal Corrupt Practices Act limits the amounts which any candidate for Congress may expend. However, loopholes in this outmoded law permit wide latitude in campaign spending by numerous committees in behalf of any particular candidate.

As sessions of Congress have lengthened in recent years, it has become more difficult for members to keep their essential grass-roots contacts. Many rely on weekly television or radio reports, newsletters and special reports mailed in vast quantities throughout their state or district. Others within commuting dis-

tance make frequent trips home to attend party functions, to fill speaking engagements and otherwise strengthen their ties.

Overworked, underpaid, often frustrated, members of Congress conscientiously seek to find effective legislative remedies to complex problems of our time that a majority can and will accept, operating under procedures geared to another age.

Weaknesses in party organization, unnecessary delay, unequal representation all contribute to the fuzzy picture of Congress presented to the American public in conventional news media.

Reform of the shortcomings of the legislative branch is an inevitable evolutionary development of the law-making process. The need to streamline congressional procedures and to overhaul the party system is closely linked with our ability to compete with other governmental systems dedicated to the eventual destruction of our own. Better public understanding of the workings of Congress may help bring about the necessary public demand for change to meet the great challenges which lie ahead.



Labor's Goals for a Better America

One great question confronts mankind as the world stands at the threshold of a new decade:

Will human genius find a way to forge the political and economic tools that will translate our wealth of knowledge and our vast material resources into a better life for all?

The course of our own country could very well determine the answer. Never before has one nation borne so fateful a responsibility—or faced so magnificent an opportunity. And never has the concept of human liberty been confronted by so malignant and implacable an enemy.

The miracles of science now make it possible to assure all the people of this planet of the essentials of healthful life—shelter, food and clothing—and an ever-rising standard of living. But that possibility has not been realized, even in the richest land on earth.

We have faltered through the Fifties, victimized rather than enriched by our technological skills, unwilling or unable to cope with the great challenges of the era at home or abroad. Another such decade might well prove fatal to human freedom and perhaps to humanity itself.

The labor movement hopes and believes a turning point is at hand. New leadership will soon be at the helm of government—leadership which is pledged to end the spiritual and economic stagnation, the indifference and self-satisfaction, into which we have drifted. We have faith in that leadership.

But the new Administration is challenged even before it takes office. America is in an economic recession, the third in seven years and potentially the most severe. The signs are everywhere:

● November unemployment was at the rate of 6.4 percent. When hours of work lost because of partial unemployment are added, the equivalent rate exceeds 7.5 percent. Even this rate would mean full-time

THIS IS THE TEXT of a resolution adopted by the AFL-CIO Executive Council at a meeting on January 5, 1961.

unemployment for more than 5 million in January, with a rise to 6 million quite possible.

- Inventories are alarmingly high—in autos alone, a record of more than a million cars—offering no hope for quick recovery.

- Housing starts in 1960 were a quarter-million behind 1959, and the outlook is not encouraging.

- Steel, bellwether of the durable goods industries, stumbles along at less than 50 percent capacity.

- Plans for private investment in new plants and equipment are being shelved as present capacity lies idle and prospects are bleak.

Not only must this deterioration be arrested; America must start growing again, at a rate fast enough to absorb our rapid population growth and workers displaced by revolutionary technological changes; fast enough to wipe out poverty and insecurity at home; fast enough to meet our vast obligations to the free world and to insure our security against Communist aggression.

America's own health, moral and economic, is the key to freedom's future everywhere. It must no longer be frittered away. To cite only one example, the steel capacity which lay idle during the last six months could have matched the entire output of the Soviet Union during the same period. The steel we never produced could in turn have been used in thousands of American schools, hospitals and homes.

The labor movement has repeatedly spoken out in recent months and years about the unmet needs of our people; but full employment is the basis of them all. Full employment will make it possible to meet these needs; and meeting these needs will provide the foundation for full employment.

The new Administration and the new Congress have much to do in the days ahead, and much of it must be done quickly. A wide range of progressive measures has already been subjected to exhaustive hearings and thorough debate; what they need now is enactment, not further investigation. And in addition, the gathering economic storm demands prompt and vigorous countermeasures on an emergency basis.

Many steps can, and we believe will, be taken by

executive action, utilizing laws already on the statute books. The civil rights field is an outstanding example. Vastly more could and should have been done with respect to insuring civil rights in government employment and on government contracts, in school integration, in voting and in housing. We must move far more vigorously to extirpate the disgraceful cancer of discrimination.

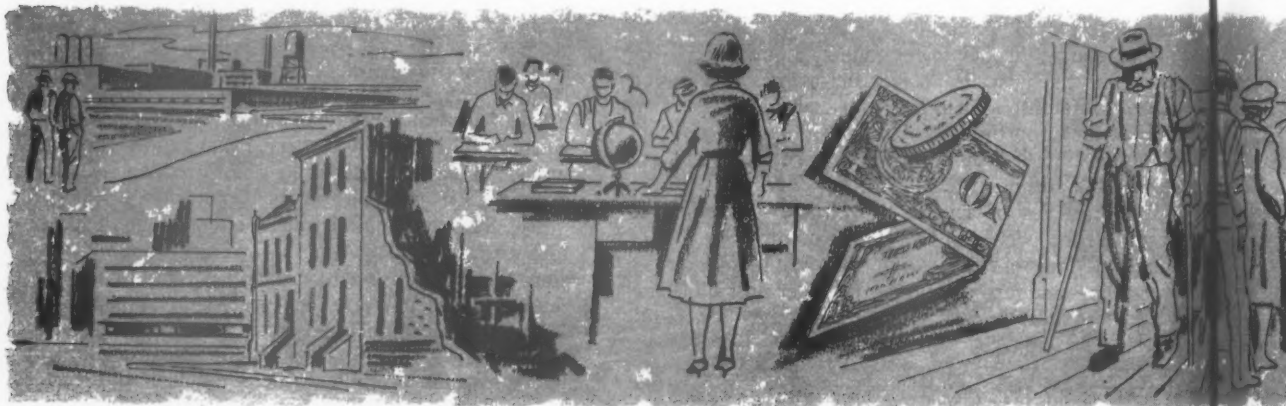
An alert and determined President can also take steps that will stimulate the economy, through the many continuing programs that are under the control of the Executive Department. In particular, he can and should observe the spirit as well as the letter of the Employment Act of 1946, and restore the Council of Economic Advisers to a meaningful role in government and in our national life.

But the basic responsibility for prompt action on the platform endorsed by the American people at the polls, as well as on emergency legislation required by the recession, lies with the new Congress. Freed from the threat of Presidential veto, guided by leadership that looks forward instead of back, Congress can now enact with confidence what it knows is best for the nation.

In this spirit the AFL-CIO recommends the following 20-point program, covering both long-range and short-range problems that have too long been neglected:

- 1. Aid to Depressed Areas:** Twice vetoed in recent years, federal aid to chronically depressed areas must be delayed no longer. Even in times of national "prosperity," many American communities are depression-ridden for reasons beyond their control. In times of recession their plight is terrifying. A bold program of loans and grants for vocational retraining, essential public works, plant construction and technical assistance to encourage establishment of new plants is needed at once. The trend toward consolidation of our industrial and financial enterprises has contributed to this condition and the further development of monopolies should be halted.

- 2. Housing and Urban Renewal:** Bold action in the field of housing and urban renewal can do much to



meet one of America's sorest problems and to help put America back to work. The Senate last year approved expanded urban renewal and public housing programs, only to be stymied by the House Rules Committee. The proposed federal Department of Urban Affairs can do much to insure continuing action in this crucial area.

3. Aid to Education: Here again, much progress was made last year toward the inauguration of a federal aid-to-education program, only to be frustrated by a reluctant Administration and a conservative coalition in Congress. The construction of many more schoolrooms will improve our educational plant and also help provide jobs for thousands. Aid to teachers' salaries is needed if we are to retain and obtain the quality and the number of teachers needed for a growing America.

4. Increased and Extended Minimum Wages: Final action on this vital measure was prevented last year when a conservative coalition refused to budge from the House-passed Kitchin-Ayres substitute. Moderate bills raising the minimum to \$1.25 an hour for presently covered workers had been reported out by both House and Senate Labor Committees. The bills also established this wage in annual step-ups and lowered maximum hours in annual step-downs for several million newly-covered workers. Action in 1961 must come soon in order to bring a measure of economic justice to workers and to add to the purchasing power on which economic recovery depends.

5. Health Benefits for the Aged: This is another item of nearly-finished business for Congress. The new President of the United States was a principal backer of Forand-type legislation, which would provide health insurance for our older citizens under the tried and tested social security system. Now that the veto threat of last year has disappeared, Congress should proceed at once to pass this sound and humane system for meeting one of the prime needs of our senior citizens.

Other improvements in the social security system

are also needed. Both to provide a quick increase in purchasing power and to bring benefits to more adequate levels, 10 percent increase in benefits should be adopted at once. This can be done without impairing the long-range fiscal soundness of the system.

6. Unemployment Insurance: Immediate action is essential to restore unemployment payments to those whose rights have been exhausted, to extend the duration of payments to those now receiving them and to set a realistic floor under their amount. Congress should provide incentives to the states to make long-overdue changes in their benefit provisions and should provide interim supplemental payments to begin immediately to help the unemployed until permanent revisions become effective. The federal-state jobless benefits system should provide benefits at least 50 percent of a worker's average weekly wage up to a maximum of two-thirds the state's average weekly wage and for so long as a worker is unemployed up to a maximum of 39 weeks.

7. Tax Revision for Economic Growth: The federal tax system should be flexible enough to aid in spurring economic recovery and encouraging economic growth. The President should have discretionary authority, subject to disapproval in each instance by Congress, to temporarily reduce taxes when necessary to stimulate the economy. We believe that when unemployment exceeds 7 percent of the work-force, the first \$10 of withholding taxes should be forgiven each week for a period of 10 weeks. Such tax reduction should not exceed \$100 per year per tax return. An equivalent reduction should be given to taxpayers not covered by withholding at the end of the year.

In addition, Congress should close such unwarranted tax loopholes as dividend credits, capital gains favoritism, excessive business expense deductions, split income provisions and excessive depletion and depreciation allowances.

8. Public Works: Federal programs for the construction of hospitals, roads and airports are already in being. These programs should be expanded by



more generous appropriations, both to provide more employment and to help reduce our chronic shortage of these facilities.

Literally thousands of public works projects have already been planned, programmed and engineered by state and local governments, but shelved by cost problems. As much as \$2 billion in such projects could be put into effect in 1961 by incentive grants of \$300 million, or 15 percent of total cost, by the federal government. In terms of employment, the result would be approximately 110,000 construction jobs and 170,000 off-site jobs.

9. Federal Reserve Policy: The Federal Reserve Board should be urged to abandon its "bills only" or "bills usual" policy for a truly flexible monetary policy. At present, the Federal Reserve's Open Market Committee should buy securities of varying maturities, rather than concentrate almost exclusively on the purchase of bills. The effect of buying bills and some short-term securities of not more than 15 months duration has been to reduce interest rates on such securities, but not on bonds of intermediate and long-term duration.

As a result, interest rates on short-term securities have declined almost 50 percent since January—with an effect on the outflow of U.S. dollars to foreign countries—while interest rates on long-term bonds have moved down less than 15 percent. The Open Market Committee's purchase of intermediate and long-term bonds would help curtail the outflow of U.S. dollars, and at the same time stimulate bank lending and mortgage loans by reducing long-term interest rates. Our monetary policies should be designed to influence our industrial technological progress consistent with our economic growth.

We also urge that the membership of the Federal Reserve Board be revised to insure competent representation of all basic functional economic groups in the nation.

10. Migrant Workers: Not only for obvious economic reasons, but for vastly more important moral and social reasons, Congress must act to end the dis-

graceful exploitation of the nation's migratory farm workers. This problem must be vigorously dealt with on all fronts—wages, housing, education, social security and public health. The foreign contract labor program, justifiable only in times of national manpower shortages, should be discontinued as quickly as possible.

11. Comprehensive Labor Legislation: Both the Taft-Hartley and Landrum-Griffin Acts contain provisions which harshly and unfairly limit the freedom of workers to organize and bargain collectively, and which impose inordinate burdens on established unions.

Among the major changes needed in the Taft-Hartley Act are elimination of the section permitting state "right-to-work" laws; revision of the freedom of speech and mandatory injunction provisions to accord unions equality of treatment with employers; restoration of the pre-hearing election and realistic modification of secondary boycott and organizational picketing provisions to restore the right of free speech to trade unions and to eliminate unfair and one-sided advantages they now give to union-busting employers.

The Landrum-Griffin Act should be stripped of those provisions that shackle honest unions in their legitimate activities. The weak sections on management misdeeds should be made more effective.

12. Situs Picketing: One item of labor legislation should and can be passed immediately. The right to picket on construction sites was requested by President Eisenhower three times and received strong bipartisan support. Last year, however, the Kennedy-Thompson Bill was killed by the House Rules Committee and filibustered to death in the Senate Labor Committee. Simple justice demands early action on this measure.

13. Atomic Energy: An expanded federal program to develop the peacetime uses of atomic energy, including the generation of electric power, should be enacted. Needed also are an effective and comprehensive federal program to control atomic radiation hazards and a federal workmen's compensation system for atomic workers.



14. Natural Resources Development: America in the Sixties must face up to the unprecedented and rapidly-increasing demand upon her great but not unlimited stockpile of natural resources. The welfare of all Americans—and of our friends abroad—depends upon intelligent development of our resources. A bold program of land and water development on a river basis approach is urgent. An adequate program of water pollution control cannot wait any longer.

15. Civil Rights: In the non-economic area, no challenge is greater than that of completing the job started 100 years ago of assuring equal treatment before the law and equal opportunity to all, regardless of race or color or national origin. The legislative arsenal in this crucial fight on discrimination will not be complete unless and until it includes legislation clearly supporting and implementing the Supreme Court decision on schools, the right of the Attorney General to institute civil suits on behalf of aggrieved persons, an effective Fair Employment Practices Commission and the elimination of poll taxes and other voting restrictions.

Completely effective civil rights legislation cannot realistically be expected out of the Senate unless an end is put to the present filibuster rule and the Senate is able to end debate by majority vote.

16. Immigration and Refugee Reform: Our present immigration law must be liberalized and humanized. Its unworkability has been demonstrated in the eight years since passage by the enactment of numerous special measures to meet America's responsibilities in the world community. The present national origins system should be replaced by a new quota system that sheds the present discriminatory features. The number of quota immigrants should be increased moderately to 250,000 to reflect the much-increased population of the United States and the increased needs throughout the world. The new law should include explicit and permanent authorization to allow refugees to enter the United States during crises such as the Hungarian one in 1956.

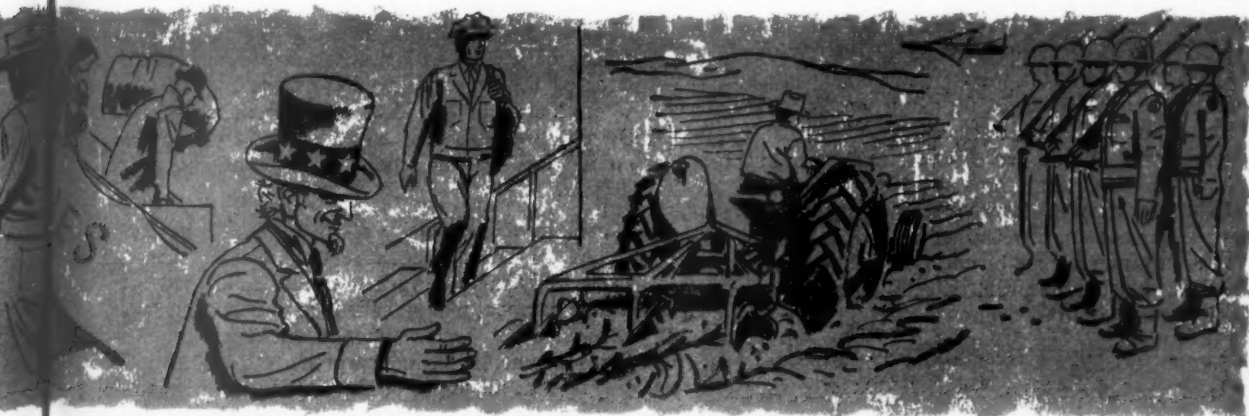
17. Mutual Security: The present concern over gold and international payments must not serve as a pretext to end or cripple the mutual security program. Allied nations whom we helped to economic recovery do have a responsibility to carry a fair share of the load, but America's responsibility is as great as ever. In the newly emerging nations of the world, economic and technical assistance from democratic nations can make the difference between freedom and tyranny for the people.

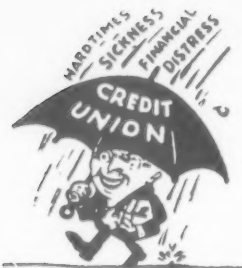
18. Federal Employees: Legislation should be passed giving statutory certification to bona fide trade unions of federal employees so that these workers may have the right of collective bargaining comparable to workers in private industry. Inequities now existing in pay scales of postal and classified employees should be reviewed by the Congress.

19. Farm Legislation: We favor the enactment of legislation which will wherever possible base price supports on production payments aimed at support of the family farm and lower prices to consumers. A reasonable ceiling should be placed on help for any one farm. We also endorse programs to bring more of our abundant food and fiber to the aid of unemployed and other needy Americans; the expansion of our school lunch program, and more extensive use of our agricultural surpluses in the battle for peace and freedom overseas.

20. National Defense: While the restoration of our economic strength and our moral leadership is of paramount importance, we dare not neglect our military defenses. We, together with our allies in the free world, must be strong enough to deter, and if necessary to defeat, aggression from any sources and in any form. This means a defense establishment equipped to cope with small crises as well as large ones; with limited as well as total war. We recognize the immense complexity of the problem, but for the security of our way of life, it must be solved.

Certainly security for America and her people is worth what it costs.





Financial Fat And the Fire

by John F. Sullivan

Unions that have worked hard and finally succeeded in getting their members a paycheck that could support a family in reasonable comfort now find themselves faced with a new problem, a hidden drain on purchasing power that hurts practically every wage earner's income. It's the high cost of consumer credit—"easy payment plans."

There is a general impression that usury is a thing of the past and that the old-time abuses and outright frauds are gone. It may be true that the loan sharks no longer openly hang around plant gates. But credit abuses are taking their toll in a different way and for different reasons. These new methods of exploiting wage earners—and the reasons for them—have credit unions and trade unions concerned.

Garnishment has become a racket in many industrial areas, particularly among the lower-paid and poorly-educated groups. A credit sale is made with no thought but to slap a garnishment on the debtor if he misses a payment. The amount of the indebtedness is often hiked up, for a bigger return to both the creditor and his attorney.

For instance, at the Inland Steel Company, with 22,000 employes at the Indiana Harbor Works, the Chicago Heights plant, the Container plant in Chicago and the general office, 6,500 garnishments a year are filed against employes. Furthermore, about 250 bankruptcies will be recorded this year against Inland employes in the Chicago area.

Much of this is due to overbuying, but the employes are not entirely to blame. Some disreputable merchants are not in business to sell goods but to make an illegitimate profit on the garnishment racket. Some won't even deal for cash. They sell junk-

JOHN F. SULLIVAN is a noted family financial counseling specialist for the Credit Union National Association.



The psychological need for possessions, low sales resistance and costly credit may lead to garnisheed wages.

jewelry, appliances, furniture or cars that break down soon after the buyer gets them home. He refuses to pay—so they slap a garnishment on him. The creditor or his attorney adds improper court costs, or pads the debt so the unhappy employe may unwittingly pay the original debt many times over.

One employe who agreed to pay \$446 in installments for household furnishings after two years of payments still owed \$254. When he failed to make a payment his wages were garnisheed. During the following two years 12 other garnishment actions were brought against him. By then, the debt should have been paid off, but the creditor claimed the \$254 paid only covered court costs, and the debtor still owed another \$254!

Sometimes the seller or his lawyer may not apply payments secured through garnishment or wage assignment to the debt: in other cases the full amount owed has been collected from both the maker and the co-maker of a note. Illegally inflated court costs have doubled the amount owed. In one case at Inland, where a creditor got \$5 by garnishment every payday, the employe also paid an additional \$6 each time in court costs—so his indebtedness was increasing a dollar a week!

Mushrooming again is a scheme known as "referral selling." Credit unions report members are being "taken" by this old variant on the chain letter—with a time payment plan attached. The salesman says you can get a car, water softener, vacuum cleaner, sewing machine, hi-fi, or carpeting "free", simply by giving him the names of six prospective buyers. You are to collect \$100 apiece for these plus \$50 for

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each name they give the salesman. Of course he asks you to sign the usual sales agreement, with time payments at stiff interest. But most gullible souls are dreaming of free merchandise and the dollars floating in—and they can't see the fine print.

It's considered poor economy to charge food because it's consumed before it's paid for—but many workers are making monthly payments with interest on "food freezer plans" which include regular restocking with frozen foods. Some plans provide menus, so that a family can almost "eat out of the freezer." Not only do you have to remember to thaw out your dinner ahead of time, but you pay a high price plus interest for the privilege. One Detroit credit union reports that a member borrowing to consolidate his debts still owed \$650 primarily on a freezer which he could have bought new at a local discount house for \$358.

Many a working man has an empty freezer standing disconnected in his back hall because he can't afford to fill it after making payments to the finance company.

Revolving credit—so far a perfectly legal type of selling on the cuff—is taking an ever bigger bite out of the pocketbook. A survey by the National Retail Dry Goods Association shows many department stores are converting their 30-day charge accounts to revolving credit accounts—usually with 1.5 percent per month charged on the unpaid balance. Most stores let the customer set the amount he can pay each month, then multiply that by the six months allowed for payment, to get a total amount that can be charged on the revolving plan. And studies show about 70 percent of the people who have these accounts have "used up"—or owe—two-thirds or more of the amount they are allowed during a year. The net effect is to create for families a constant payment of 18 percent per annum more for the average amount they owe.

Retailers report credit helps "impulse buying," and that customers purchase up to 30 percent more when they buy on credit than when they spend cash. This accelerates the draining away of earnings. Most people have become accustomed to using credit for big purchases—cars, furniture and appliances—and the traditional rationale has been that these items hold their value, that we pay for them as we use them. What is new is the habit, with revolving credit, of charging everything, even small household items which are used up or worn out quickly, and paying for them, plus interest, over a period of time after they are used. Stores report that some customers blithely use their revolving charge accounts for even trivial purchases—greeting cards, bobby pins, stationery, shaving cream.

Consumer bankruptcies are alarming, particularly in urban areas. There were 97,000 non-business bankruptcies in the fiscal year ending June 30, 1960, and all evidence indicates that the number of families on the financial rocks is growing. Equally alarming is the attitude of many to insolvency. Some unscrupulous lawyers are encouraging clients to go bankrupt. The lawyer collects the fee and "absolves" the client

of his debts. Many persons feel that they are no longer morally responsible for their debts since they have been declared legally insolvent. The majority of consumer-bankrupts are people who have gotten hopelessly over their heads in debt through overbuying on time payments. Compounding the trouble is the attitude of some installment sales merchants who have no qualms about immediately encouraging a bankrupt to go into hock again, reports the Wall Street Journal. They reason that the man has been "cleared" of past debts so they will have first claim on any future earnings and a good chance of collecting.

Roy Kinnison, federal bankruptcy referee, commented:

"There has been a terrific abuse of credit cards. Of all the cases before the court, I would say that 88 percent are wage earners who could not resist a fast sales pitch as long as no down payment was required."

Kinnison also reported that "when pressure is put upon the debtor by means of salary attachments, the employers in most cases seem to urge their employees to file bankruptcy to avoid the bother and expense of continuing attachments."

Some other firms, rather than bother with garnishments, report to the court that the worker is "not employed here"—and then fire him.

Credit unions and labor unions are both working to meet this rising tide of consumer exploitation. There are 1,255 labor union groups—in most cases locals—whose members have formed credit unions to encourage thrift and make low-cost loans for good purposes. By saving together and using unpaid officers except for the treasurer, credit union members are able to help each other at lowest cost. Most credit unions are owned and operated by employee groups. Many more union members participate in credit unions which serve an entire industrial plant.

Historically, credit unions began as a means of rescuing the poor wage earner from the loan shark, and the familiar "little man under the umbrella" that is everywhere known as the credit union trademark shows the words, "hard times, sickness, financial distress," falling as rain on the umbrella.

What has changed? Although wages are higher, more working class families are in financial hot water than ever before, even in areas where there is full employment. Instead of poverty resulting from inadequate wages, we have poverty resulting from financial mismanagement, overbuying, status seeking, debt-selling and ignorance of the many complicated schemes

**REPOSSESSED
CARS FOR SALE**

No down payment required

—albeit legal—for separating a man from his paycheck via “easy” payments.

The moral climate has changed too: a generation ago most people thought it was a disgrace to borrow—if not downright sinful. Today we’re all being exhorted on every side to buy now and pay later—for the good of the economy.

The rare fellow who insists on waiting to buy until he’s saved enough to pay cash is even accused of denying his family a decent standard of living.

Of course credit unions make many loans to members who have no troubles, but merely want to finance through the credit union because they are thrifty. However, “paying off debts” is still the most common purpose of credit union loans.

Remedial loans are not enough, however. Just as the dieter gains weight again unless he changes his basic food habits, so the credit union member is back in the same financial morass soon after he gets a loan to consolidate his debts unless he has learned to manage the family money. Handing such a member the old-time leaflet on budgeting is not enough.

To meet this problem, the AFL-CIO last year launched a consumer counselling program, with pilot sessions across the country, as part of its community services effort. It also published a good, down-to-earth folder, “How To Organize a Credit Union,” to help locals start credit unions for their members.

At the same time the Credit Union National Association (CUNA) began a new program to educate credit union officials in family financial counselling. The aim is to help members learn how to practice thrift the modern way—in the sense of wise management of the family money—and to put aside the old-fashioned notion that pinching pennies or hiding a little money in an old sock under the mattress is being thrifty. It’s surprising, but credit unions report some of the very families that overbuy on time payments are also very religious about “feeding the kitty”—saving pennies for a vacation fund in a peanut butter jar.

This very inconsistency points up a problem, however, that is still to be solved, and credit union peo-

ple frankly say it is a challenge to them. People who have a consistent pattern of overspending and poor money management are not necessarily ignorant about budgeting or money management.

Some of these families live beyond their means for complicated psychological and social reasons. Some of the simpler motives for overspending have been earmarked for us by the social scientists. They say that in some cases people do not want to manage their money: they don’t want to accept the facts about their true income. Others deceive themselves about their social status and enjoy operating the cars and boats they believe show they belong to a certain class of society—as long as they can postpone the day of reckoning.

Certainly it is easy to understand the desire to compensate for discrimination that drives many members of minority groups to overspend. If such a man can’t live in the best neighborhood, he feels at least he can own as good a car or suit as anyone else.

Substitution of merchandise for more real satisfactions in life is common. Some people go shopping out of boredom; others who never realize their life ambitions substitute the acquiring of possessions.

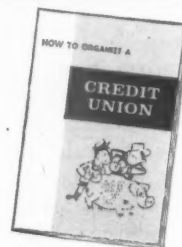
But even opening the door a crack into this field of inquiry is enough to make a sensible person pause. The room is boundless; the danger of diagnosing the personality and social problems of others is tremendous. And yet the conscientious credit union official, face to face with the troubles his members have with their money, can’t just wash his hands saying, “I’m not a psychiatrist.”

Clearly, a good deal more study and work must be done to recognize the motives and to understand the real needs of the man or woman who overspends, and to find ways to help him manage his life and his money in legitimate, realistic and satisfying ways. Both labor and credit unions realize that meeting this challenge goes far beyond “balancing the budget.” They have an opportunity to show their members that money is merely a tool to help them more fully live up to their opportunities as human beings.



For information without cost or obligation on how to start a credit union write Credit Union National Association, Madison 1, Wis.

For a copy of this pamphlet on organizing a credit union, write the AFL-CIO Department of Publications.



Workers with financial problems often find credit unions a source of help and guidance.



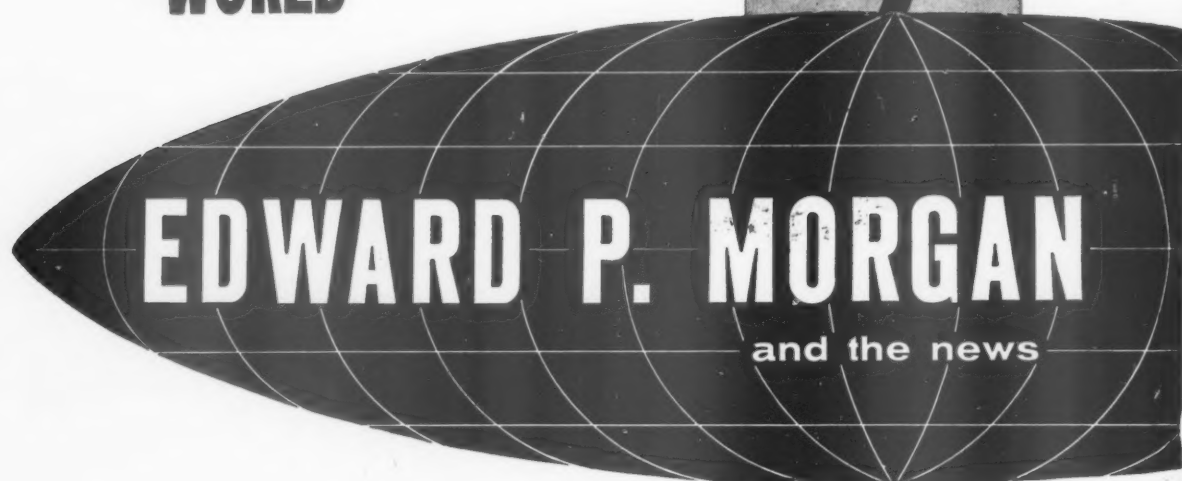
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